SMALL BUSINESS AND THE 97TH CONGRESS

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ISSUE DEFINITION

In 1953, Congress established the Small Business Administration (SBA) "to aid, counsel, assist and protect, insofar as is possible, the interests of small business concerns in order to preserve free competitive enterprise." In the intervening years, the SBA has approved loans totaling more than $39.9 billion (all loan programs, including disaster loans, as of September 1980). This financial aid, coupled with management and informational assistance, has in many instances made an important contribution to the promotion and development of small enterprise. Nevertheless, the small business sector of the economy continues to have its "ups and downs," depending upon economic conditions. In recent years, the tightness of capital, especially venture capital, skyrocketing energy costs, and the high levels of inflation, together with the increase in interest rates and the cost of regulation, have posed major problems for this sector.

However, the current Administration has outlined on the broadest scale five principal objectives in its economic recovery program; (1) substantial cuts in Government spending; (2) companion cuts in tax rates; (3) removal of excessive Government regulation; (4) development of a monetary policy that will rationally control the money supply; and (5) sure and predictable movements towards a balanced budget in FY84. Due to these recent developments, the current Administration has decided to reduce the budget for practically all SBA programs. Moreover, according to P.L. 97-35 -- Omnibus Budget Reconciliation Act of 1981, the current Administration has reduced all SBA lending and loan guarantees by approximately 25%. This new law will (1) increase SBA direct loan interest rates from 9 1/4% to the cost of money to the Government which is currently approximately 15%; (2) consolidate for the first time, the SBA's handicapped persons, economic opportunity, solar and energy construction, and development companies loan programs into the regular 7(a) business loan program; (3) set SBA business loan guarantees at 90% for loans of $100,000 or less, and 70% to 90% for loans over $100,000; (4) eliminate any immediate future authorization and/or appropriations for the SBA's nonphysical disaster loan program. Thus, it appears as though the current Administration wants to deemphasize Federal aid in the form of loans and loan guarantees to the small business sector and instead offer a program designed to improve the overall health of the economy. The Administration believes that most small businesses will benefit if the President's inflation fighting plan of reductions in Government regulations, spending, and size is allowed to be implemented rather than increasing Federal financial assistance. Furthermore, the 97th Congress is seriously considering several other public policy issues concerning the role of Government in promoting small business.

BACKGROUND AND POLICY ANALYSIS

Traditionally, small businesses have played a major role in the economic life of the United States. Small businesses number 10,800,000 (not including farms) and account for more than 98.2% of all businesses in this country. Furthermore, according to the Small Business Administration Fact Book, small businesses account for (a) less than 40% of the Gross National Product; (b) virtually all new private sector employment; and (c) at least 50% of all major innovations. With its magnitude and impact, small business is considered to be among the most productive sectors of our economy.
A small business is defined by Section 3 of the Small Business Act of 1953, as amended P.L. 83-163, as a firm "which is independently owned and operated and which is not dominant in its field of operation." In addition to the Small Business Act criterion, the administrator of the SBA, in making a detailed definition, may use the following criteria, among others: number of employees and dollar volume of business. However, in March 1980, the SBA decided to eliminate the dollar volume of business criterion, and instead use only the number of employees of a business establishment to determine size standards. Under the old set of definitions, farmers were considered in small business; but under the new definition of a small business, larger farms would be excluded from SBA programs. In businesses where big companies dominate—for example, oil refining, tire manufacturing, glass production, and gypsum mining—the definition of small extends to 2,500-worker companies. Small business in those fields might have annual sales of hundreds of millions of dollars; but they will still be considered small, compared to the large corporations that dominate the particular industry. In fields that are made up of small competitors, a business could have no more than 15 people on the payroll to qualify as small. Gas stations, laundromats, barber shops, appliance stores, and photography studios, are included in that class. In each of the 726 individual industries, the SBA plans to set similar maximum limits on the number of workers employed by small firms. The issue of small business size has occasioned periodic controversy, with congressional spokesmen questioning how large an enterprise can fairly avail itself of Federal small business aid. On Sept. 10, 1980, the SBA asked for further comments from the small business sector in setting new size standards for determining eligibility for SBA programs. Further, P.L. 96-481 prohibited any action being taken by the SBA on this new proposal until Mar. 1981. Currently, the SBA size standards division has written a new proposed rule on this issue that is to be submitted to the SBA Administrator for his approval. If approved, this proposed rule will be published sometime this spring in the Federal Register for additional comments.

Because of the importance of small business to the society, this economic sector has long been of special interest to Congress, particularly since the 1930s. Although no single comprehensive small business program was enacted prior to the early 1950s, legislation such as Section 50 of the Reconstruction Finance Corporation Act of 1934 and Section 13b of the Federal Reserve Act of 1934 took special note of the small business community. Moreover, Congress enacted the Small Business Act of 1942 and created the Smaller War Plants Corporation to provide small business with assistance, enabling participation in the production of goods and services in support of the war effort. In 1953, Congress provided special representation for small business in the Federal Government with the creation of the Small Business Administration (P.L. 83-163). Since 1953, the SBA has developed programs to fulfill its mandate to aid small business in seven major areas. These are (1) loans (direct, participation, and guaranteed loans); (2) aid to development corporations; (3) aid to small business investment companies; (4) management counseling; (5) assistance to small firms in obtaining Government contracts; (6) revolving lines of credit; and (7) surety bond guarantees.

However, due to this current Administration's wish to reduce Government spending, many of these SBA functions are being reduced, with the hope that the private sector will become more responsive to the various needs and issues confronting the small business sector. Following is a brief description of several key issues that traditionally are rised within both the Congress and Administration.
Capital Formation and Retention. Advocates of small business claim that the inability of many small business to raise sufficient capital has posed a serious problem not only to the health of the enterprises themselves, but for the American economy and the free enterprise system as well. They call for remedial Federal aid. The rule of thumb is "the smaller the business, the more difficult it is to raise capital." Some evidence supporting these claims was advanced by the National Association of Small Business Investment Companies in its testimony presented at hearings before the House Subcommittee on Access to Equity Capital and Business Opportunities on Sept. 13, 1979. The Association indicated that, "Over the past 20 years, there has been a steady decline in the amount of capital that businesses are able to retain.... This inability to retain capital is naturally more severe for small firms, which do not have the means to absorb the impacts of rising costs and prices. They are forced to look increasingly to outside sources of financing.... The problem is that not all avenues of external funding are open to small businesses." Opponents of further Federal capital assistance note the existence of substantial aid programs already in place and the efficiency of U.S. capital markets in allocating credit to worthy enterprises.

This issue has received attention from both the Reagan Administration and Congress through various Federal assistance programs and tax reform measures. Included under the major tax reforms that are being considered by Congress are several proposals that would have a direct impact on small business. These include (1) graduation and reduction of the corporate tax rate structure; (2) authorizing the creation of a new financing instrument -- Small Business Participating Debenture (SBPD); (3) investment tax credit for investments in new stock issues of small businesses; (4) capital gains tax reduction for individuals and corporations; (5) capital gains rollover; (6) increasing the maximum number of shareholders permissible for Subchapter S Corporations, (7) accelerated and simplified depreciation tax treatment for greater capital cost recovery; and (8) estate tax reforms. Some of these tax provisions are included in P.L. 97-34. (See legislation.)

Federal Procurement. Another area of Legislative attention regarding small business is Federal procurement policies. In the Small Business Act of 1953, Congress states that the Federal Government, as a whole, should "insure that a fair proportion of contracts and subcontracts" be made to small businesses. This law covers the more than 60 agencies that have procurement authority, including the Departments of Defense, Energy, and National Air and Space Administration, which expend more than 80% of the total Federal procurement dollars. While small businesses account for nearly 40% of the Gross National Product, they receive approximately 25% of the almost $100 billion spent in Federal Government procurement. When questioned about the small business share, Federal procurement spokesmen tend to stress their responsibility to secure the best products for the best price, dependably delivered, as a priority concern. Public Law 95-507, mandates that this issue be examined more closely by the Administration and Congress to ensure small businesses receive "a fair share" of Federal procurement dollars.

Innovation. According to a recent report, "Small Business and the Quality of American Life," published by the Senate Small Business Committee, smaller firms (with less than 1,000 employees) produce innovations at one-fourth of the cost of large firms (over 10,000 employees). For a number of reasons, some relating to large systems development and manufacture, others less obvious
and understandable, small enterprises currently receive only 3.5% of Federal research and development funds. Since innovation in business resulting from research and development efforts may often, on balance, spur employment, increase potential for a higher rate of productivity and therefore reduce inflationary forces, this issue continues to receive attention from the Administration and Congress.

Moreover, the climate for innovation by small companies improved in November 1980, with passage of a patent reform bill (P.L. 96-517). Under this law, small firms may retain patent rights to an invention developed while under contract to the Federal Government. Additionally, there is a possibility in 1981 that there will be a tax exemption for research and development reserves maintained by a small firm. (For additional information regarding small business and innovation, see I.B. 92039 - Small Business Innovation Acts.)

Federal Regulation. Many small business spokesmen feel that the costs of the increased amount of Federal regulation over the past decade have weighed disproportionately on small enterprises. According to a Business Week article of June 16, 1980, "Easing regulatory burdens on small business," the SBA's Advocacy Office estimates that small companies file more than 350 million Federal forms per year—totaling more than 850 million pages—at a cost of $10 billion. A study prepared for the Battelle Human Affairs Research Center estimates that regulatory "compliance costs for small business are proportionately 7 to 10 times higher than for larger companies." "A rule that may be appropriate for a large business could be ruinous to a small business," says Arthur J. Levitt, Jr., chairman of the White House Conference on Small Business. Because of this claimed unfairness toward small business, Congress enacted P.L. 96-354 -- The Regulatory Flexibility Act in September 1980. This law sets two tiers of regulation and compliance standards -- one for large businesses and one for small firms. Many small business advocates feel that oversight of this law now becomes a top priority. Also, P.L. 96-511 -- The Paperwork Reduction Act of 1980 imposes uniform standards and eliminates overlapping agency information collection requirements; limits existing burdens and sets goals for reduction of Federal paperwork burdens (15% by Oct. 1, 1982, and a further 10% by Oct. 1, 1983). In addition, the current Administration is reviewing existing and proposed regulations to make them more cost efficient. Executive order 12291 requires that in writing a rule, an agency maximize net benefits to society. This means that agencies have to compare, through cost benefit analysis, different proposals that can achieve the same regulatory goal. Skeptics of proposals to sharply and selectively reduce the regulatory burden on small business argue that because small business affects so vast a share of American employees and consumers, regulation and enforcement to ensure health, safety, and fair business practices can be reduced only at substantial risk.

Trade. The U.S. Department of Commerce estimates there are 20,000 U.S. companies (18,000 of these are considered small firms) that could export successfully but have not done so for various reasons. For example, small businesses often lack the necessary funds to invest in market development abroad. Generally, they do not have the necessary expertise to master customs documents and carry out the details of shipping and marketing in foreign countries. In addition, financial risk caused by wide currency fluctuations and by foreign customers' slow payment for goods received can be
an enormous problem for small businesses.

To alleviate these as well as other obstacles confronting small firms interested in international trade, Congress enacted P.L. 96-481 the Small Business Export Expansion Act of 1980 on October 21, 1980. This law states that a strong export policy is essential to the health of the U.S. economy and that it is the National interest to promote systematically and consistently and encourage small business participation in international markets. Public Law 96-481 directs the Department of Commerce and the SBA to provide educational and marketing assistance and to improve access to export information and assistance for small businesses. Additionally, because of the additional capital requirements imposed on small firms wanting to expand into export markets, a revolving line of credit for export purposes has been implemented within SBA. The SBA has also established a Office of International Trade which is targeting its efforts on areas that have the manufacturing capacity, export facilities, and product types that will yield significant increases in exports in a short period of time. Moreover, Congress is currently considering legislation that would permit banks to establish export trading companies, authorize the Export-Import Bank to establish a program of guarantees for accounts receivable and inventory held by such export trading companies, and provide exemptions from antitrust laws for export trading companies.

LEGISLATION

P.L. 97-25, H.R. 31

Cash Discount Act - Title I: Cash Discounts - Amends the Truth in Lending Act to stipulate that any discount (currently, discounts up to five percent) offered by sellers from the "regular price" to induce payment by cash or other means not involving open-end credit plans or credit cards shall not constitute a finance charge. Voids any rule of the Board of Governors of the Federal Reserve System promulgated under the current provision.

Title II: Ban on Credit Card Surcharges - Extends the termination of the prohibition against credit card surcharges from Feb. 27, 1981 - Feb. 27, 1984.

Directs the Board of Governors of the Federal Reserve System to report to the Congressional banking committees within two years of enactment on the effect of charge card transactions upon card issuers, merchants, and consumers.

Title III: Miscellaneous - Makes a technical amendment providing that creditors who elect to comply with the Truth in Lending Simplification Act of Apr. 1, 1981, are subject to the amended civil liability provisions of such Act.

Permits any national banking association which, on the date of enactment, holds title to real estate which it carried on its books at a nominal rate on Dec. 31, 1979, to continue to hold such real estate until Dec. 31, 1982, if the earnings from such real estate are disclosed separately in its financial statements.

P.L. 97-34, H.R. 4242

Amends the Internal Revenue Code to reduce individual and corporate income
taxes. Revises the depreciation system. Provides certain tax benefits for individual savings. Reduces the estate and gift taxes. Provides certain tax incentives for energy development. Sets forth certain provisions relating to tax administration and State unemployment funds. In addition, a number of provisions of this law will influence small business, including some that were specifically enacted to benefit small business and others that influence a wider range of businesses. The most notable provisions of P.L. 97-34 with respect to small business taxation are the decreases in income tax rates and the Accelerated Cost Recovery System (ARCRS). Signed into law on Aug. 13, 1981.

P.L. 97-35, H.R. 3982

Sets forth changes in existing laws within the jurisdiction of specified Congressional committees sufficient to reduce appropriations for programs authorized by such committees so as to achieve specified savings in budget authority and outlays pursuant to the first concurrent resolution on the budget for FY82. Additionally, with respect to small business P.L. 97-35 has specifically reduced all SBA lending and loan guarantees by approximately 25%. Furthermore, this new law will (1) increase SBA direct loan interest rates from 9 1/4% to the cost of money to the Government (currently approximately 15%); (2) consolidate for the first time, the SBA's handicapped persons, economic opportunity, solar and energy construction, and development companies loan programs into the regular 7(a) business loan program; (3) set SBA business loan guarantees at 90% for loans of $100,000 or less and 70% to 90% for loans over $100,000; (4) eliminate any immediate future authorization and/or appropriations for the SBA's nonphysical disaster program. Signed into law on Aug. 13, 1981.

P.L. 97-45, H.R. 2120

Product Liability Risk Retention Act of 1981 - Defines "risk retention group" to mean any corporation or insurance company formed under State law which: (1) is organized for the primary purpose of assuming and spreading product liability or completed operations liability risk exposure; (2) is chartered as an insurance company under State law; (3) does not exclude members for competitive advantage; and (4) consists of members whose principal activity is the manufacture, design, distribution, packaging, or sale of a product.

Defines "purchasing group" to mean any group of persons which has as one of its purposes the purchase of product liability or completed operations insurance on a group basis.

Exempts risk retention groups and purchasing groups from State laws which prohibit, regulate, or otherwise discriminate against such groups.

Enumerates requirements which a State may impose on a risk retention group, including compliance with unfair claims settlement practices, payment of taxes, and reporting requirements.

Authorizes a State to license an agent or broker for a purchasing group.

Stipulates that the ownership interests of members in a risk retention group shall not generally be considered securities for the purposes of the Federal securities laws, except with respect to certain antifraud provisions. Exempts such interests from the Investment Company Act of 1940 and State blue sky laws.
Prompt Payment Act - Requires Federal agencies to pay interest penalties on overdue payments to businesses for property or services (excluding disputed payments). Requires the Office of Management and Budget (OMB) to prescribe required payment dates, including specified payment dates for meat, food products and perishable agricultural commodities.

Specifies procedures for computing such penalties. Directs an agency to pay any interest penalty out of funds made available for the program for which the penalty was incurred.

Authorizes Federal grant recipients to provide for the payment of interest penalties on overdue payments on their procurement contracts, except that Federal funds shall not be used to pay such penalties.

Entitles an agency to an early payment discount offered by a business only if payment is made within the prescribed time. Requires an agency to pay an interest penalty on any amount overdue.

Permits contractors to file claims under the Contract Disputes Act of 1978 for the payment of interest penalties: (1) after such a claim is filed; or (2) for more than one year.

Directs each agency to report to OMB annually on interest penalty payments made during the fiscal year. Requires OMB to report to specified congressional committees on agency compliance with this Act.

Subjects the Tennessee Valley Authority to the provisions of this Act, but not to regulations promulgated pursuant to this Act.

Small Business Innovation Development Act of 1982 - Amends the Small Business Act to direct the Small Business Administration (SBA) to; (1) maintain an information program to provide small businesses an opportunity to participate in Federal small business innovation research (SBIR) programs; (2) coordinate a schedule for release of agency SBIR solicitations and prepare a master release schedule; (3) monitor SBIR programs within Federal agencies; and (4) report annually to the congressional Small Business Committees on the SBIR programs.

Excludes agencies within the Intelligence community from the term "Federal agency" for purposes of this Act.

Requires each Federal agency with an extramural research and development budget (total obligations minus amounts obligated for agency activities in or through Government-owned and Government-operated facilities) in excess of $100,000,000 or in excess of $10,000,000,000 for FY82 or any subsequent fiscal year to spend a specified percentage of its budget each fiscal year, beginning in FY83, in connection with an SBIR program. Excludes amounts appropriated for atomic energy defense programs from the research and development budget of the Department of Energy for purposes of the requirements under this Act. Requires each Federal agency with a research and development budget in excess of $20,000,000 for FY83 or any subsequent fiscal year to establish goals specifically for funding research and development agreements with small businesses. Directs each Federal agency
with an SBIR program to report annually to the SBA the number of awards over $10,000 made under the SBIR program and to concerns other than small business concerns.

Directs the SBA to issue policy directives for the conduct of the SSBIR programs.

Requires the Director of the Office of Science and Technology Policy to independently monitor, and report at least annually to the congressional Small Business Committees on, SBIR programs.

Provides for the repeal of the amendments made by this Act on October 1, 1986.

Requires the Comptroller General to report to Congress within five years after the enactment of this Act on the implementation of, and the nature of the research conducted under, this Act.

H.R. 2998 (Mitchell, P.)

Amends the Small Business Act to modify the restrictions and limitations governing loans made by the Small Business Administration (SBA). Repeals provisions authorizing trade adjustment loans, loans to small businesses in high unemployment and low income areas, and loans for solar energy and energy conservation measures. Repeals authorizations of appropriations for SBA programs, salaries, and expenses. Introduced April 2, 1981; referred to Small Business.

H.R. 3423 (Edgar, et al.)

Authorizes educational assistance for Vietnam-era veterans determined to be in need of vocational training. Permits the Administrator of Veterans' Affairs to provide financial assistance to a small business concern which is at least 51% owned by veterans of the Vietnam-era or disabled veterans. Extends the veterans' readjustment appointments in the civil service program for two additional years. Introduced May 5, 1981; referred to Veteran's Affairs.

H.R. 4343 (Smith, N. et al.)

Small Business Innovation and Research Act of 1981 - Amends the Small Business Act to require the Small Business Administration (SBA) to assist small businesses in obtaining Government contracts for research and development.

Requires each Federal agency with a research and development budget of at least $100,000 in fiscal year 1982 or any subsequent fiscal year to conduct a small business innovation research (SBIR) program during such years. Requires each agency which conducts an SBIR programs. Requires each such agency to identify categories of research and development controls which shall be the basis for contracts under the agency's SBIR program and promulgate regulations which provide for simplified, standardized SBIR solicitation, funding, and reporting processes.

Directs the Administrator of the Office of Federal Procurement Policy to promulgate regulations for the general conduct of SBIR programs. Requires each agency which conducts an SBIR program to report to the SBA the number of research and development contracts over $10,000 in amount made under the SBIR
program and to concerns other than small business concerns.

Directs the SBA to independently monitor, and report annually to the Congressional Small Business Committees on, the Federal SBIR programs. Introduced July 30, 1981.

H.R. 4459 (Mitchell, P.)

Extends through fiscal year 1982 the programs established by the Small Business Act under which government procurement contracts are set aside for small businesses.

Extends through fiscal year 1982 the programs established by the Small Business Act under which government procurement contracts are set aside for small businesses. Introduced Sept. 10, 1981.

S. 326 (Metzenbaum, et al.)

Makes it unlawful for a refiner, other than an independent or small refiner, to operate a gas station in the United States. Makes it unlawful for a supplier to practice price discrimination in the sale of motor fuel. Introduced Jan. 29, 1981; referred to Senate Judiciary.

S. 734 (Heinz, et al.)

Seeks to promote export trading companies. Permits banking organizations to invest in such companies. Authorizes the Export-Import Bank to provide loan guarantees to such companies. Amends the Webb-Pomerene Act to exempt such companies and export trade associations from antitrust restrictions. Authorizes the Secretary of Commerce to make grants to subsidize the employment of export managers by certain small business manufacturing firms. Directs the Secretary to establish an office within the Department to promote export trade associations. Introduced Mar. 18, 1981; referred to Senate Banking, Housing and Urban Affairs.

S. 968 (Heinz et al.)

Competitive Export Financing Act of 1981 - Amends the Export-Import Bank Act of 1945 to direct the export-import bank to adopt export finance programs comparable in structure to those extraordinary measures of official export credits offered by competing countries, until such financing is limited by international agreements. Authorizes appropriations for such programs. Requires the Bank to report annually to Congress on whether any additional funds are necessary to carry out this Act. Sets the effective date of this Act. Introduced Apr. 2, 1981.

S. 1276 (Durenberger et al.)

Amends the Internal Revenue Code to permit a domestic trade or business whose equity capital does not exceed $25,000,000 to reduce the value of a portion of excess inventory items held for more than 12 months.

Permits a taxpayer who is required to change his method of accounting pursuant to Revenue Ruling 80-60 (inventory valuation) and Revenue Procedure 80-5 to effect such a change only for taxable years beginning after December 31, 1980. Introduced May 21, 1981.

S. 1620 (Weicker)
Amends the Small Business Act to prohibit the Small Business Administration from entering into government procurement contracts set aside for small businesses under such Act after Mar. 31, 1983 (currently the small business set-aside program ends on Sept. 30, 1981). Requires the President to designate within 60 days of the enactment of this Act the agency with which such contracts shall be made. Introduced Sept. 15, 1981; referred to Small Business Committee.

S. 1947 (Weicker et al.)

Amends the Small Business Act to require procuring agencies to wait a specified amount of time before issuing solicitations for procurement actions or foreclosing competition under procurement actions. Introduced Dec. 11, 1981; referred to Small Business Committee.

HEARINGS


"No. 43"


Hearings held in Los Angeles, July 7 and Chicago, July 18, 1981.

Hearings held Feb. 23 and Sept. 16, 1981.


Hearings held in Cincinnati, Ohio, Oct. 3; Youngstown, Ohio, Oct. 5; and Omaha, Neb., Oct. 9, 1981.


Committee on Veterans' Affairs. Subcommittee on Oversight and Investigations. Small business loans to

"Serial no. 97-49"


"97-43"

"Serial no. 97-22"


----- The role of small business in the nation's economic recovery.


REPORTS AND CONGRESSIONAL DOCUMENTS


Committee on House Administration. To provide funds for the expenses of investigations and studies to be conducted by the Committee on Small Business; report to accompany H. Res. 556. Washington, U.S. Govt. Print. Off., 1980. 5 p.


Facilitating the operations of the Small Business Administration Chief Counsel for Advocacy; report to accompany H.R. 7298, which on May 7, 1980, was referred jointly to the Committee on Small Business and the Committee on Post Office and IVIL Service, including cost estimate of the CONGRESSIONAL Budget Office. Washington, U.S. Govt. PRINT. Off., 1980. 6 p.


Judicial access by small business; report to accompany H.R.
5103, which on August 2, 1979, was referred to the Committee on the Judiciary and the Committee on Small Business, including cost estimate of the Congressional Budget Office. Washington, U.S. Govt. Print. Off., 1980 51 p.


At head of title: 97th Cong., 1st sess. Committee print. WMC 97-12.

----- Joint Committee on Taxation. Description of tax bills relating to capital formation incentives for small business listed for a hearing before the Subcommittee on Taxation and Debt Management Generally of the Committee on Finance on March 28


At head of title: 97th Cong., 1st sess. Committee print CP 97-6.


At head of title: 97th Cong., 1st sess. Committee print.


At head of title: 97th Cong., 1st sess. Committee print.


At head of title: 97th Cong., 2d sess. Committee print.


"CED-81-123, July 17, 1981"

"EMD-81-125, Aug. 21, 1981"

----- Misuse of SBA's 8(a) program increased cost for many ADP equipment acquisitions; report to the Chairman, Committee on Government Operations, House of Representatives, by the Comptroller General of the United States. Washington 1981. 13, 3 p.
"AFMD-82-9, Oct. 16, 1981"

----- The 8(a) pilot program for disadvantaged small businesses has not been effective; report to the Congress by the Comptroller General of the United States. Washington 1981. 53 p.
"CED-81-22, Jan. 23, 1981"

----- SBA's 7(j) management assistance program: changes needed to improve efficiency and effectiveness; report to the Congress by the Comptroller General of the United States. Washington 1981. 49 p.
"CED-81-149, Sept. 29, 1981"

----- SBA's pilot programs to improve guaranty loan procedures need further development; report to the Congress by the Comptroller General of the United States. Washington 1981. 50 p.
"CED-81-25, Feb. 2, 1981"

----- The SBA 8(a) procurement program -- a promise unfulfilled; report to the Congress by the Comptroller General of the United States. Washington 1981. 72 p.
"CED-81-55, Apr. 8, 1981"

----- SBA's progress in implementing the Public Law 95-507 subcontracting and surety bond waiver provisions has been limited. Report to the Congress by the Comptroller General. Washington 1981. 25 p.

----- Some restructuring needed in District's contracting
"GGD-81-68, June 24, 1981"


CHRONOLOGY OF EVENTS

08/13/81 -- Omnibus Budget Reconciliation Act of 1981 was signed into law by President Reagan (see legn).

01/13/80 -- 1,573 selected delegates came to Washington, D.C., for 5 days to attend the White House Conference on Small Business. The Conference, which was chaired by Arthur Levitt, Chairman of the American Stock Exchange, did not only identify special problems facing small businesses, but also special problems confronting entrepreneurial subgroups such as minorities, women, and veterans.

11/10/77 -- Extension of Aid to Minority Enterprises. The Small Business Administration proposed a rule change that would authorize loans to minority-owned firms seeking to purchase television or radio stations.

07/20/77 -- Moratorium on 8(a) Programs. On July 20, 1977, the Small Business Administration placed a moratorium on the 8(a) contract programs, through which the SBA awards Government contracts to disadvantaged businesses.

University Business Development Centers. The Agency's newest managerial program, the University Business Development Centers (UBDC), is a university-based concept for the delivery of joint government, academic, and private sector services to benefit the general economy, small business, the university, faculty, and students.

06/00/76 -- Extension of the SBA Loan Programs to Small Farmers and Agricultural-Related Businesses. Following the enactment of P.L. 94-305 in June 1976, all SBA loan and other programs are now available to small farmers.

Call-Contracts Program (406) authorized the SBA to
place contracts with qualified individuals and businesses to provide management and technical aid to SBA clients.

**Emergency Energy Shortage Economic Injury Loans** may be made to small businesses suffering economic injury caused by the shortage of fuels, electrical energy, or related products.

**Water Pollution Control Loans** provided loans to small businesses likely to suffer economic injury as a result of meeting water pollution control standards.

**Air Pollution Control Loans** provided loans to small businesses that are likely to suffer economic injury to meet the requirements of the Clean Air Act of 1970.

**00/00/74 -- Disaster Loans--Base Closing Economic Injury Loans** provided SBA loans in the likelihood or actually of substantial economic injury as a result of the closing of a major military installation or as a result of severe reduction in the scope and size of operations at a major military installation.

**00/00/73 -- Handicapped Assistance Loan Program** authorized loans to (1) non-profit organizations where at least 75% of the ann-hours are performed by handicapped individuals, and (2) profitmaking businesses entirely owned by the handicapped.

**00/00/72 -- Disaster Loans--Strategic Arms Economic Injury Loans** provided SBA loans to small firms that have suffered economic injury as a result of international strategic arms limitation treaties.

**Surety Bond Guarantees.** The Housing and Rural Development Act of 1970 authorized the Small Business Administration to guarantee for a free any qualified surety company up to 90% of its losses incurred under bid, payment, or performance bonds on small business contracts up to $500,000. This amount was raised to $1 million in 1974.

**Revocable Revolving Line of Credit** provided an SBA guaranty for a revolving line of credit for small construction contractors, or small manufacturing or service industry firms who provide a specific product or service under an assignable contract.

**00/00/71 -- Disaster Loans--Compliance Loans.** Provide for SBA loans to small firms which have suffered substantial economic injury caused by compliance with such Federal laws as the Egg Producers Act of 1968, the Wholesale Poultry and Poultry Products Act of 1968, the Wholesome Meat Act of 1967, or the Occupational Safety and Health Act of 1970.

**00/00/68 -- The SBA's procurement functions were activated to assist in developing minority business enterprises.** The goal of the program is to secure a larger share of Government contracts for small firms. **ACE (Active Corps Of Executives**
recruits volunteers from the ranks of active successful businessmen who are willing to help with small business management and training.

00/00/64 -- **Economic Opportunity Loan Program** provided for small enterprise loans to those in low-income brackets who are socially or economically disadvantaged.

07/01/63 -- **Loan Guaranty Plan** replaced the agency's deferred Bank Participation Plan. This program provide qualified small businesses with term loans from their primary source of credit-commercial banks.

00/00/61 -- **Displaced Business Loans.** Loans were made to small firms suffering substantial economic injury caused by federally assisted construction projects.

00/00/58 -- **Amendment to Small Business Act.** The Small Business Administration was placed on a permanent basis by this amendment enacted in P.L. 83-536, the Small Business Investment Act.

00/00/55 -- **Disaster Loans (Economic Injury).** Authorized loans were for small firms located in an area affected by floods or other catastrophes if the firm had suffered substantial economic injury as a result of these physical disasters.

00/00/53 -- **The Small Business Act.** (P.L. 83-163) This act established the Small Business Administration on a Temporary basis. Initial programs included regular business loans to small business management assistance.

**ADDITIONAL REFERENCE SOURCES**


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